

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:  GASTAR EXPLORATION INC., <i>et al.</i> , <sup>1</sup>  <div style="text-align: right;">Debtors.</div>	§ § § § § § §	Chapter 11  Case No. 18-36057 (MI)  (Jointly Administered)
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**NOTICE OF FILING OF FIRST AMENDED PLAN SUPPLEMENT**

**PLEASE TAKE NOTICE THAT** on December 13, 2018, the above-captioned debtors and debtors-in-possession (the “Debtors”) filed the *Notice of Filing of Plan Supplement* [Docket No. 240] (as may be altered, amended, modified, or supplemented from time to time, the “Plan Supplement”).

**PLEASE TAKE FURTHER NOTICE THAT** the Debtors hereby file this first amended plan supplement (the “First Amended Plan Supplement”), in support of the *Debtors’ Joint Prepackaged Plan (as Modified) of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 238] (as may be modified, amended, or supplemented from time to time, the “Plan”)<sup>2</sup> filed in these chapter 11 cases on December 12, 2018.

**PLEASE TAKE FURTHER NOTICE THAT** this First Amended Plan Supplement includes the current drafts of the following documents (which continue to be negotiated between interested parties, and the Debtors, and which will be filed in substantially final form prior to the Confirmation Hearing), as may be modified, amended, or supplemented from time to time in accordance with the Plan:

- **Exhibit J** – Transaction Steps Memorandum

**PLEASE TAKE FURTHER NOTICE THAT** the documents contained in the Plan Supplement and the First Amended Plan Supplement are integral to, and are considered part of, the Plan. If the Plan is approved, the documents contained in the Plan Supplement and the First Amended Plan Supplement will be approved by the Court pursuant to the Confirmation Order.

**PLEASE TAKE FURTHER NOTICE THAT** certain documents, or portions thereof, contained in the Plan Supplement and the First Amended Plan Supplement remain subject to ongoing review, revision, and further negotiation among the Debtors and interested parties with

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Gastar Exploration Inc. (1640), and Northwest Property Ventures LLC (8685). The location of the Debtors’ service address is: 1331 Lamar Street, Suite 650, Houston, Texas 77010.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

respect thereto. The Debtors reserve the right to alter, amend, modify, or supplement any document in this First Amended Plan Supplement in accordance with the Plan at any time before the Effective Date of the Plan or any such other date as may be provided for by the Plan or by order of the Court; provided, that, if any document in this First Amended Plan Supplement is altered, amended, modified, or supplemented in any material respect prior to the date of the Confirmation Hearing, the Debtors will file a blackline of such document with the Court.

**PLEASE TAKE FURTHER NOTICE THAT** the Debtors will seek confirmation of the Plan at the Confirmation Hearing scheduled for **Thursday, December 20, 2018, at 1:30 p.m.** prevailing Central Time, before the Honorable Marvin Isgur, in the United States Bankruptcy Court for the Southern District of Texas, located at 515 Rusk Street, Courtroom 404, Houston, Texas 77002.

**PLEASE TAKE FURTHER NOTICE THAT** the deadline for filing objections to the Plan was **Monday, December 17, 2018, at 4:00 p.m.** prevailing Central Time (the “Objection Deadline”). Any objection to the Plan must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Bankruptcy Local Rules; (c) state the name and address of the objecting party and the amount and nature of the claim or interest beneficially owned by such entity; (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan that would resolve such objections; and (e) be filed with this Court by the Objection Deadline.

**PLEASE TAKE FURTHER NOTICE THAT** copies of all documents filed in these chapter 11 cases are available free of charge by visiting the website of BMC Group, Inc. at <https://www.bmcgroup.com/gastar>. You may also obtain copies of any pleadings by visiting the Court’s website at <http://www.txs.uscourts.gov/bankruptcy> in accordance with the procedures and fees set forth therein.

Dated: December 19, 2018

*/s/ Matthew D. Cavanaugh*

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In re:  GASTAR EXPLORATION INC., <i>et al.</i> , <sup>1</sup>  <div style="text-align: right;">Debtors.</div>	§ § § § § § §	Chapter 11  Case No. 18-36057 (MI)  (Jointly Administered)
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**FIRST AMENDED PLAN SUPPLEMENT  
FOR THE JOINT CHAPTER 11 PLAN OF REORGANIZATION  
OF GASTAR EXPLORATION INC. AND NORTHWEST PROPERTY VENTURES LLC**

**TABLE OF CONTENTS**

<u><b>Exhibit</b></u>	<u><b>Description</b></u>
J	Transactional Steps Memorandum

Certain documents, or portions thereof, contained in this First Amended Plan Supplement remain subject to continuing negotiations among the Debtors, the Consenting Parties and interested parties with respect thereto. The Debtors reserve all rights to amend, revise, or supplement the First Amended Plan Supplement, and any of the documents and designations contained herein, at any time before the Effective Date of the Plan, or any such other date in accordance with the Plan, the Confirmation Order or any other order of the Bankruptcy Court. Each of the documents contained in the First Amended Plan Supplement or its amendments are subject to certain consent and approval rights to the extent provided in the Plan or Restructuring Support Agreement.<sup>2</sup>

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Gastar Exploration Inc. (1640) ("Gastar"), and Northwest Property Ventures LLC (8685). The location of the Debtors' service address is: 1331 Lamar Street, Suite 650, Houston, Texas 77010.

<sup>2</sup> Capitalized terms used but not otherwise defined in this Plan Supplement shall have the meanings ascribed to such terms in the *The Debtors' Joint Prepackaged Plan (as Modified) of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 109], as it may be amended, modified, or supplemented from time to time (the "Plan").

**EXHIBIT J**

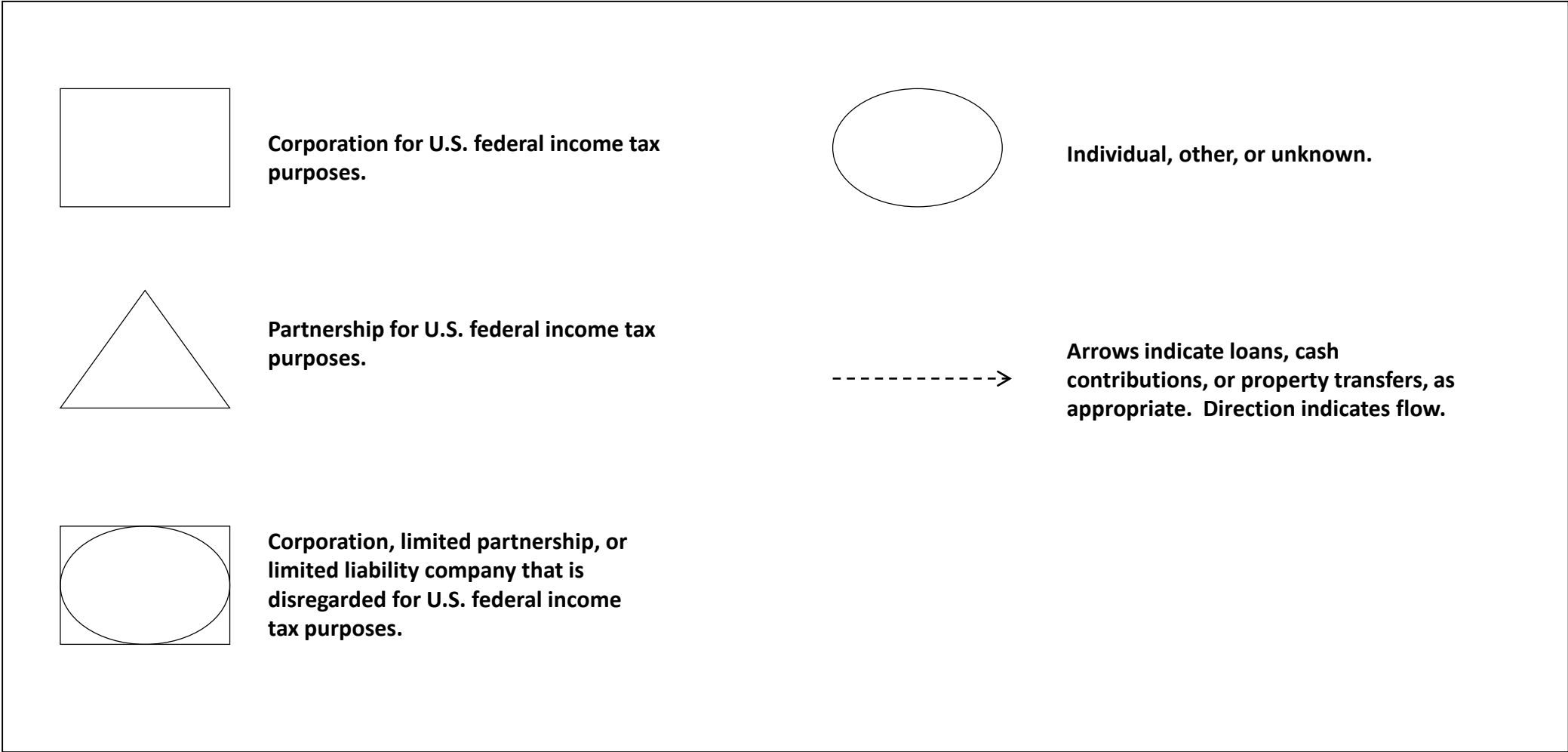
**Transaction Steps Memorandum**

**Draft for discussion  
December 18, 2018**

Gastar Exploration Inc.

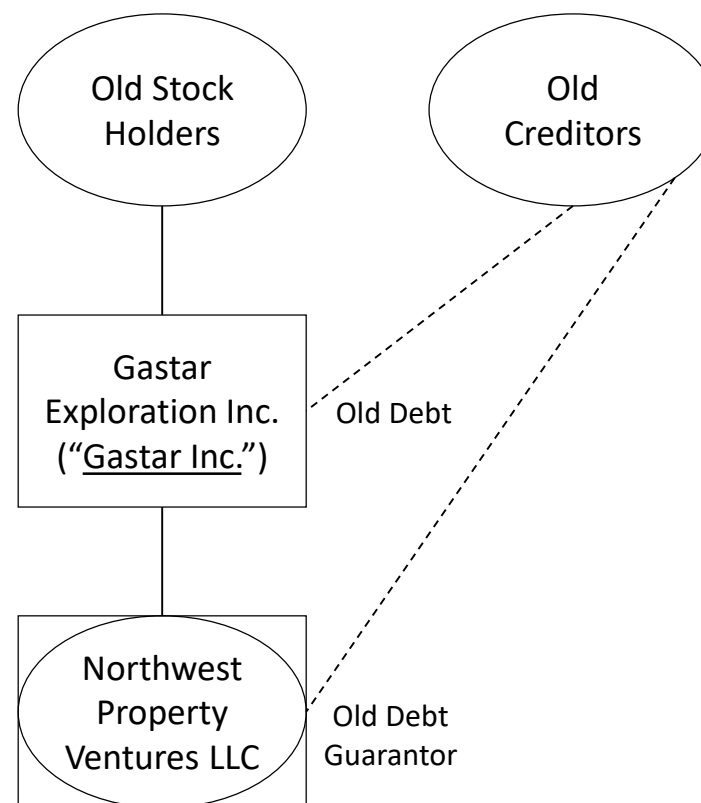
Chapter 11 Reorganization Illustrative Transaction Steps

# Legend



# Existing Structure

The slides that follow present in a simplified, illustrative manner the transaction steps contemplated to take place on or before the Effective Date.

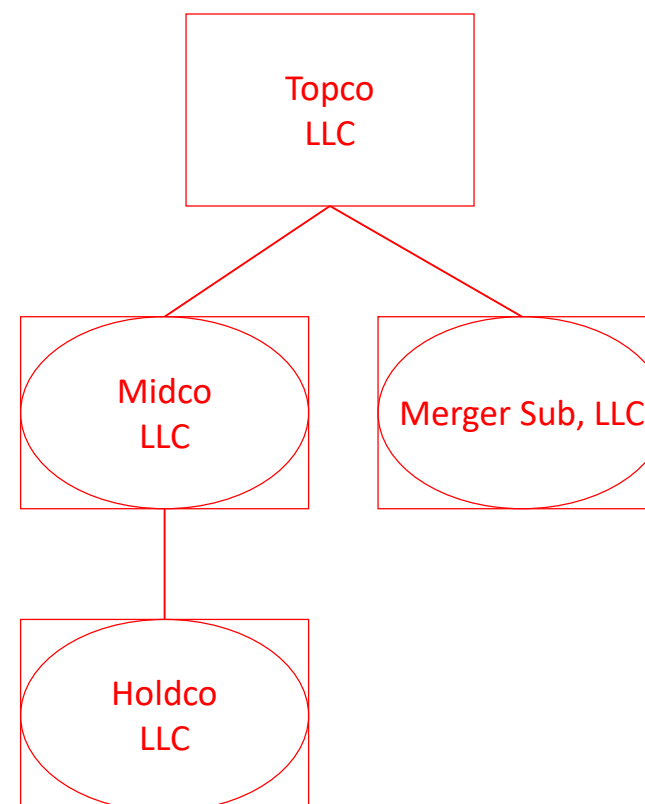




# Formation of New Holding Company Structure

## Step 1

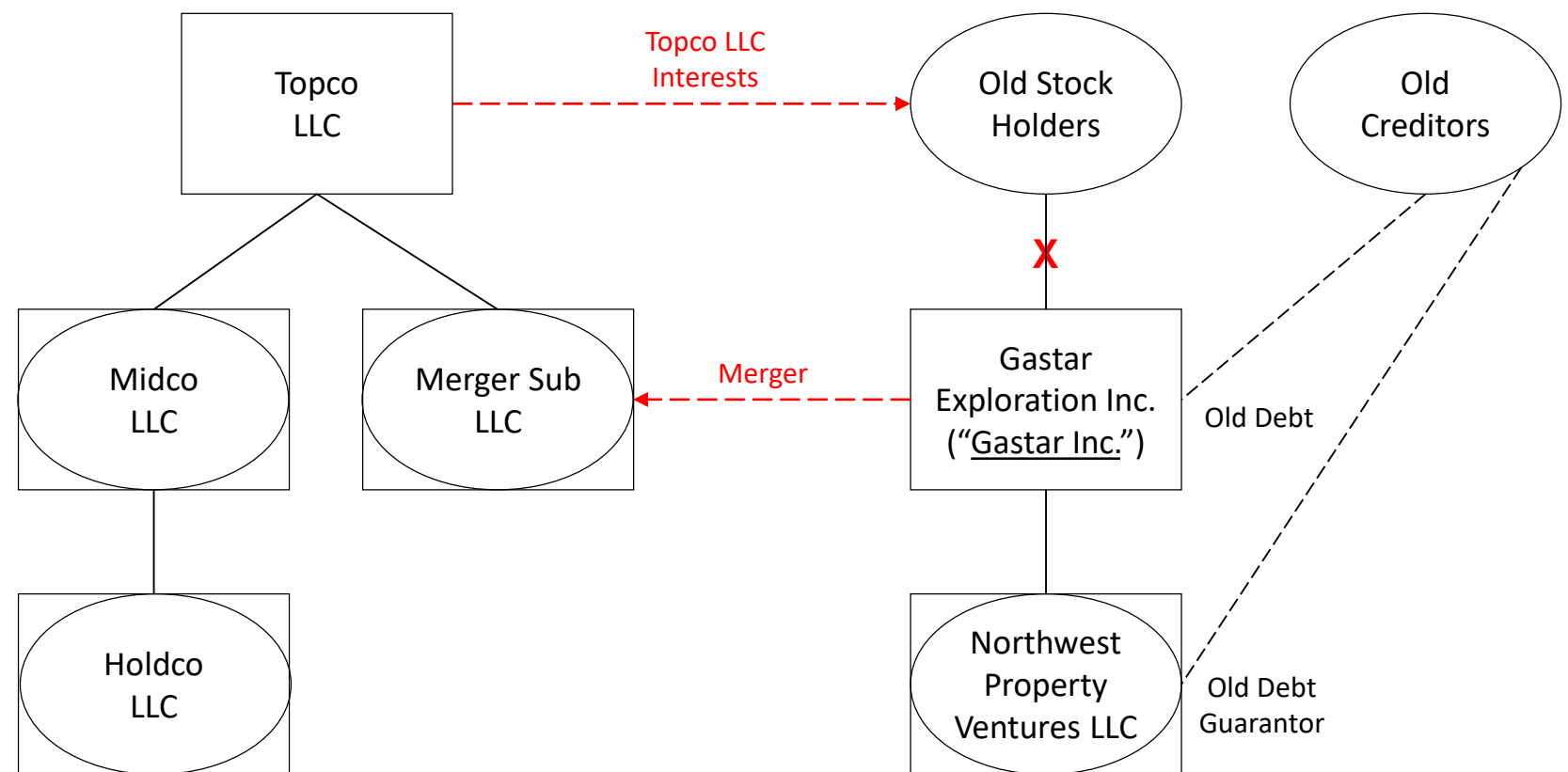
- Topco, LLC (“Topco”) will be formed at least three days before the Effective Date. Topco will elect to be treated as a corporation for U.S. federal income tax purposes.
- Midco, LLC (“Midco”) will be formed at least three days prior to the Effective Date. Topco will subscribe for and purchase from Midco all of the equity interests in Midco for nominal consideration. Midco will be treated as a disregarded entity for U.S. federal income tax purposes.
- Merger Sub, LLC (“Merger Sub”) will be formed at least three days prior to the Effective Date. Topco will subscribe for and purchase from Merger Sub all of the equity interests in Merger Sub for nominal consideration. Merger Sub will be treated as a disregarded entity for U.S. federal income tax purposes.
- Holdco, LLC (“Holdco”) will be formed at least three days prior to the Effective Date. Midco will subscribe for and purchase from Holdco all of the equity interests in Holdco for nominal consideration. Holdco will be treated as a disregarded entity for U.S. federal income tax purposes.



# Gastar Inc. Merger

## Step 2a

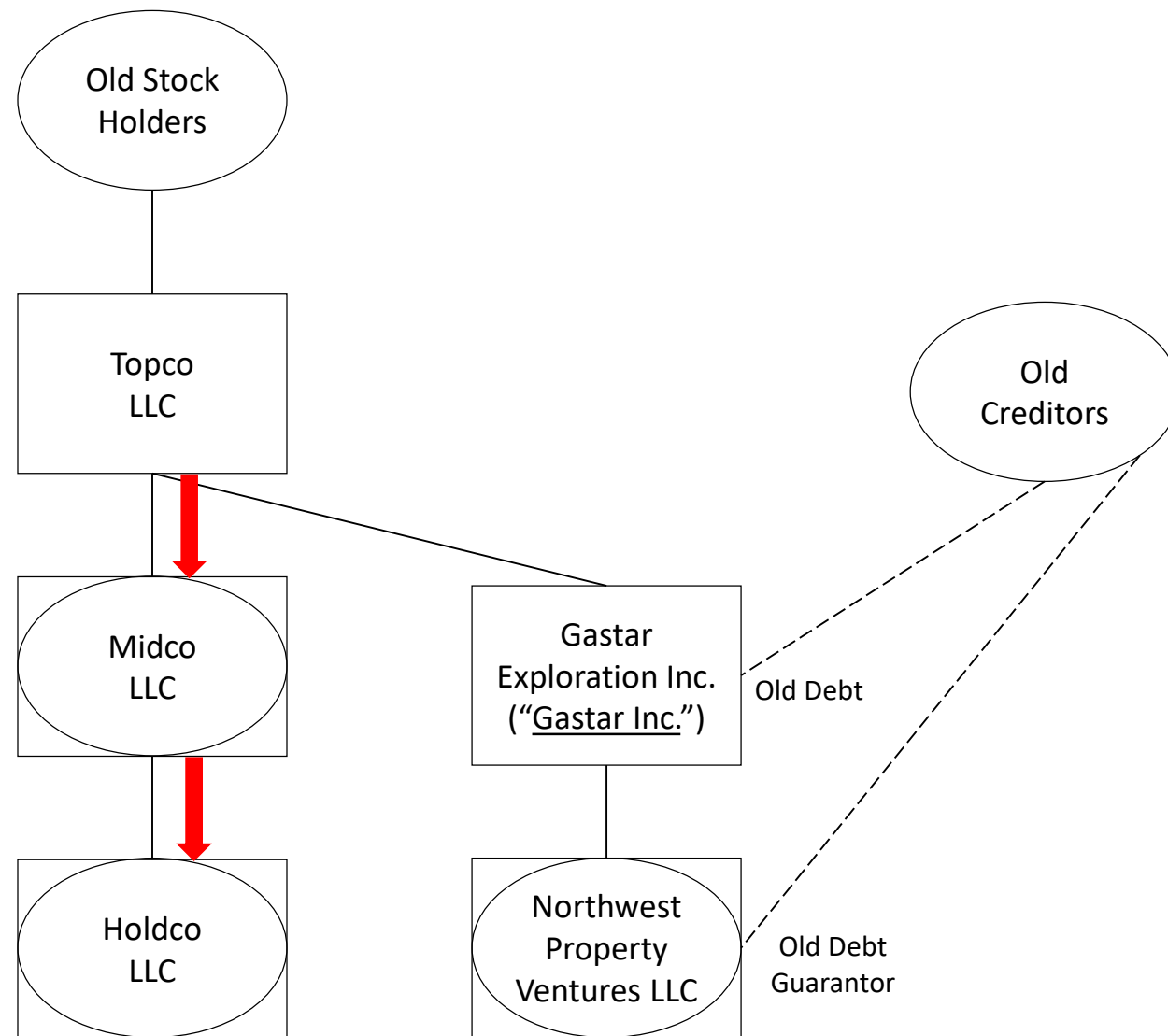
- Merger Sub merges with and into Gastar Inc., with Gastar Inc. as the surviving company.
- As consideration in connection with the merger, Gastar Inc. stockholders receive 100% of the equity interests in Topco.



# Contribution of Gastar to Midco and Holdco

## Step 2b

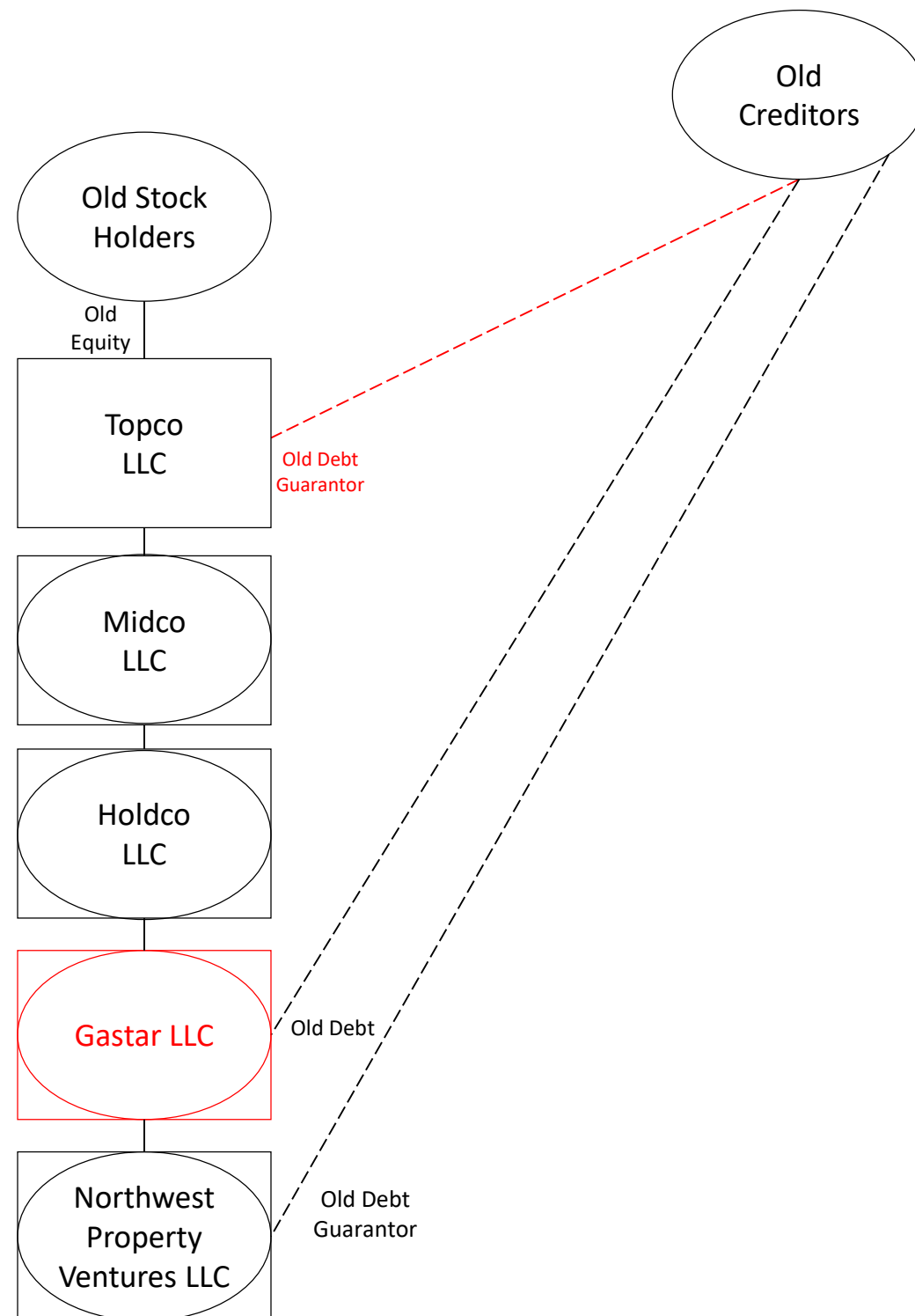
- Topco makes a capital contribution of 100% of the stock of Gastar Inc. to Midco.
- Midco makes a capital contribution of 100% of the stock of Gastar Inc. to Holdco.



# Gastar Converts to an LLC

## Step 2c

- Topco joins as guarantor on the existing Gastar debt.
- Gastar Inc. converts to an LLC, and will be treated as a disregarded entity for U.S. federal income tax purposes.
- Transaction steps 2a, 2b and 2c are intended to be treated as an “F” reorganization.

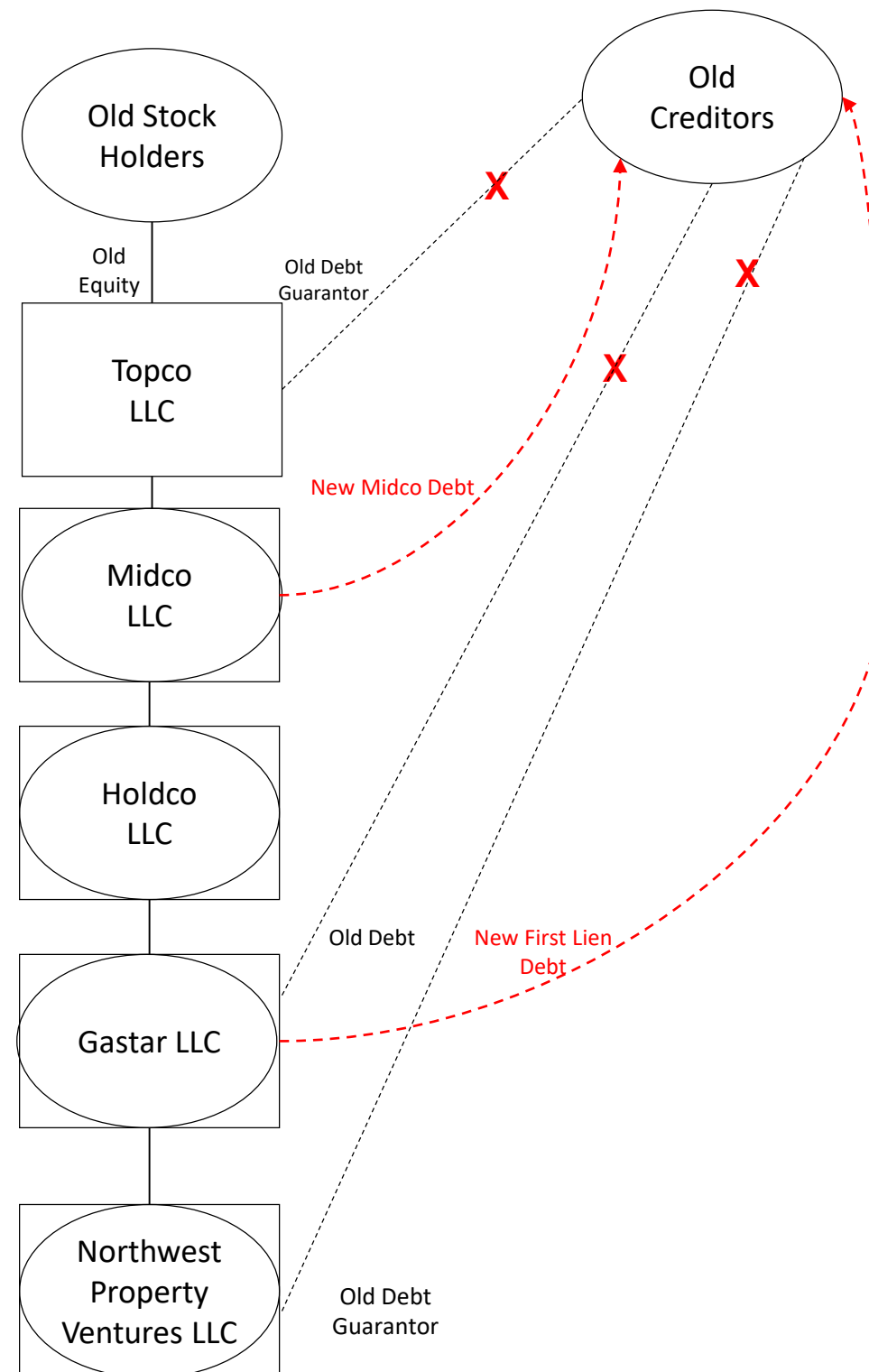


# Plan Distributions

## Step 3a

Pursuant to the Plan:

- The old debt and guaranties are cancelled.
- Class 5 Term Loan Claimholders receive unsecured exit facility debt issued by Midco.
- Holders of Allowed DIP Claims receive first lien secured exit facility debt issued by Gastar LLC.

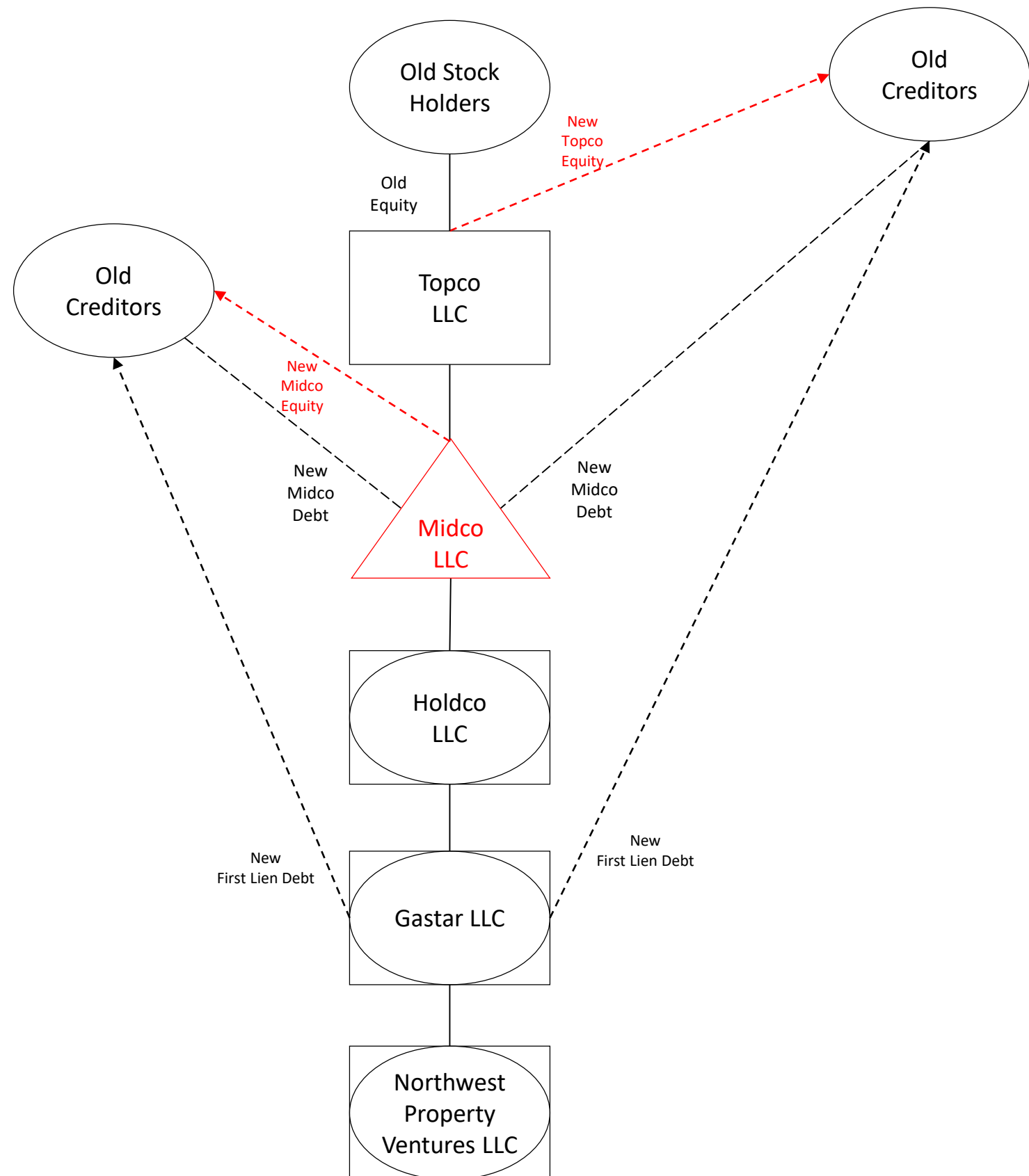


## Plan Distributions (*cont.*)

### Step 3b

Pursuant to the Plan:

- Class 5 Term Loan Claimholders and Class 6 Second Lien Note Claimholders receive new common equity, with each Claimholder having the right, at its option, to receive its new common equity in the form of Topco LLC interests (with Topco to be taxed as a corporation) or Midco LLC interests (with Midco to be taxed as a partnership).
- For U.S. federal income tax purposes, the transfer of Midco LLC interests to electing Claimholders is treated as a taxable transfer of a portion of the assets of Midco LLC and its disregarded subsidiaries to the electing Claimholders in satisfaction of a portion of their claims followed by a contribution (i) by such persons of those assets to the Midco LLC tax partnership and (ii) by Topco of the remainder of the assets to the Midco LLC tax partnership.

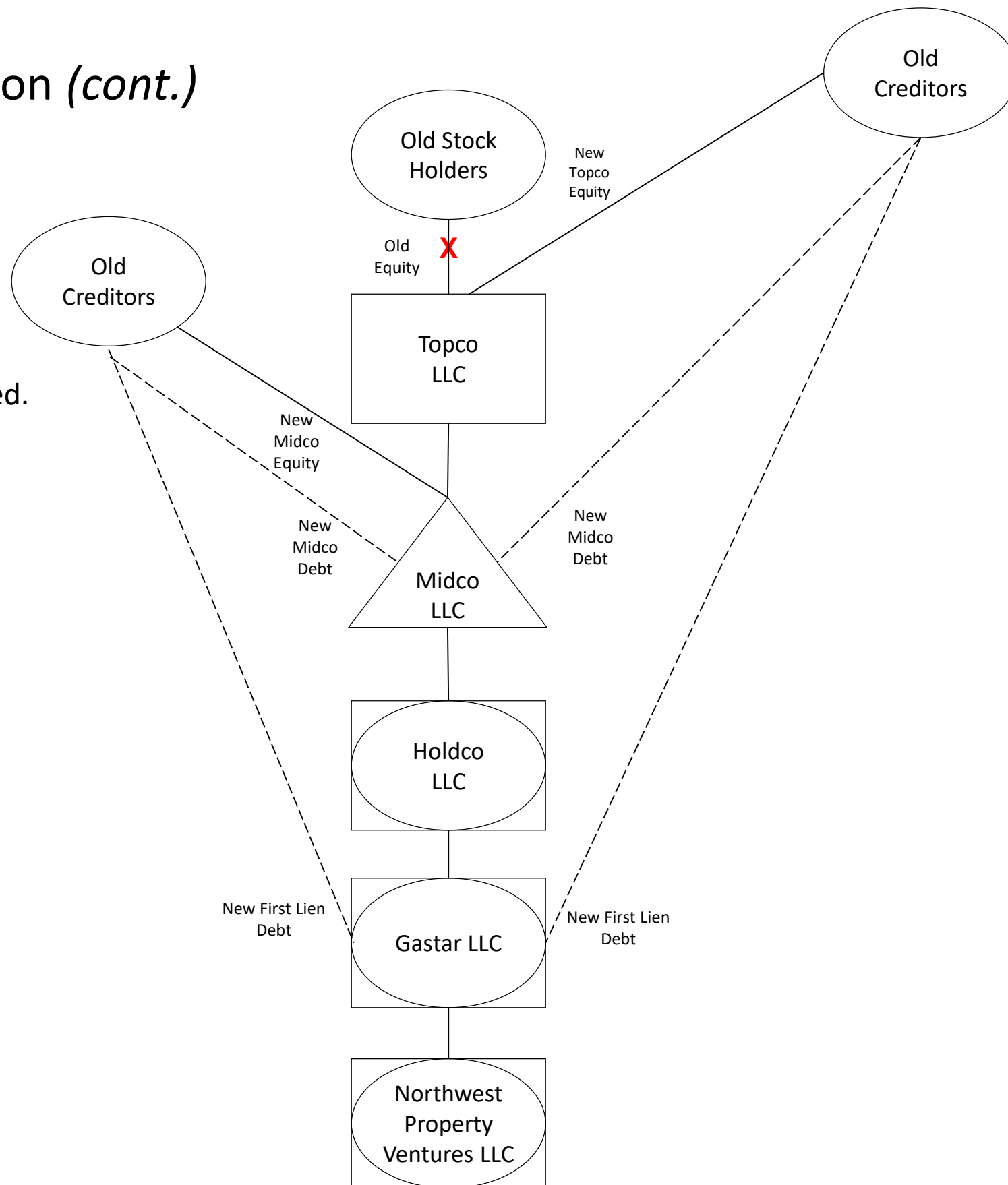


## Plan Distribution (*cont.*)

### Step 3c

Pursuant to the Plan:

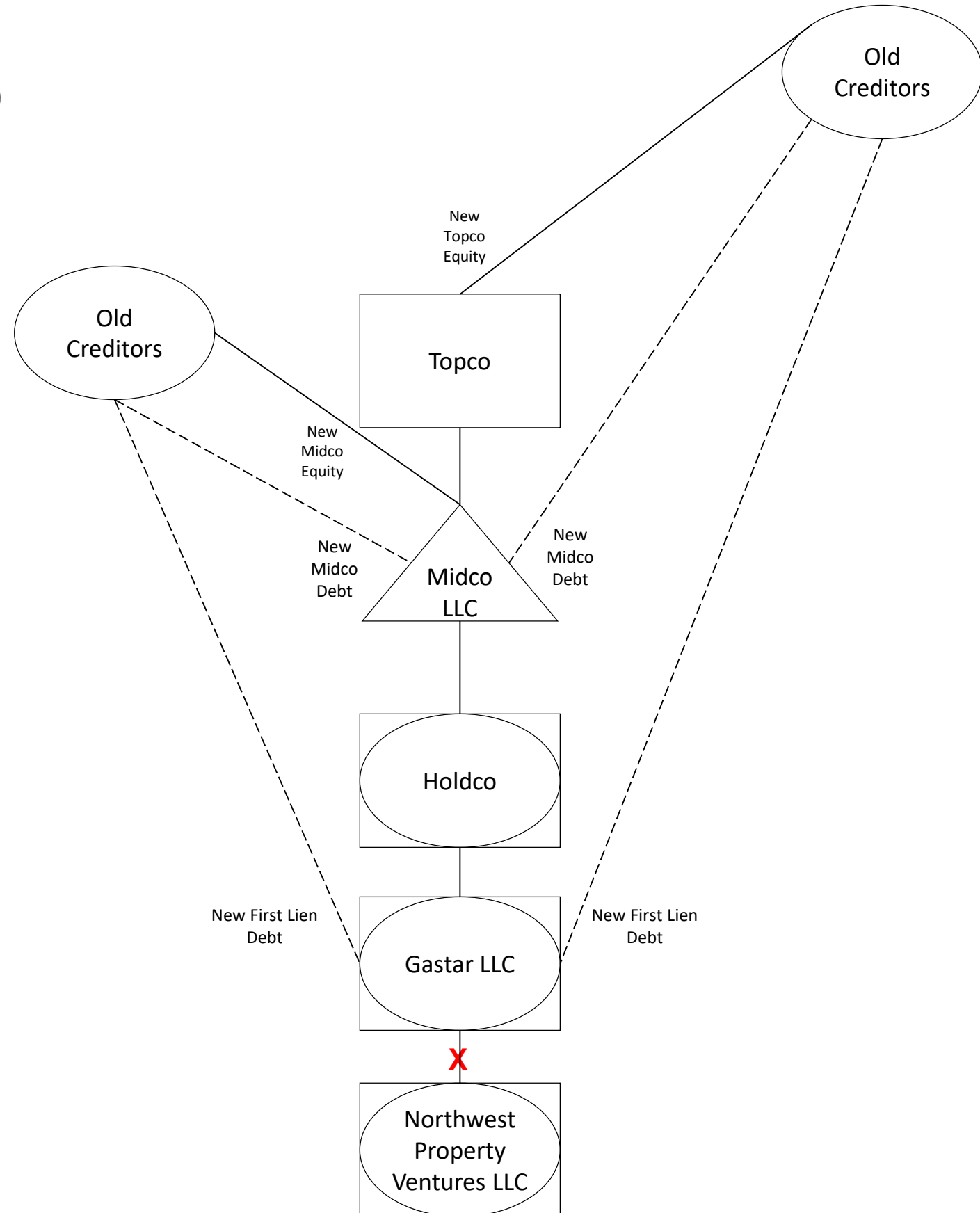
- The old equity is cancelled.



## Plan Distributions (*cont.*)

### Step 3d

- Northwest Property Ventures LLC is dissolved.





# Final Structure

